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Attorneys for the Debtors

In re:
SHAPES/ARCH HOLDINGS L.L.C., et
al.,
Debtors.

: UNITED STATES BANKRUPTCY COURT
: FOR THE DISTRICT OF NEW JERSEY
: CHAPTER 11
:
: CASE NO. 08-14631 (GMB)
:
: **Hearing Date: January 5, 2009**
: **at 10:00 a.m.**

**DEBTORS' OBJECTION TO THE ADMINISTRATIVE CLAIM OF THE STATE
OF NEW JERSEY DIVISION OF TAXATION SEEKING TO EXPUNGE AND
DISALLOW THE PROOF OF CLAIM**

Shapes/Arch Holdings L.L.C. and its related debtor entities (collectively, the "Debtors"),¹ the reorganized debtors, hereby submit this objection (the "Objection"), pursuant to 11 U.S.C. §§ 105, 502 and 507, to the administrative claim of the State of New Jersey Division of Taxation ("New Jersey") seeking to expunge and disallow its proof of claim. In support of the Objection, the Debtors respectfully represent as follows:

¹ In addition to Shapes/Arch Holdings L.L.C. ("Shapes/Arch"), the following entities, all of which are wholly owned subsidiaries of Shapes/Arch, also filed petitions on the Petition Date (defined below): Shapes L.L.C. ("Shapes"); Delair L.L.C. ("Delair"); Accu-Weld L.L.C. ("Accu-Weld"); and Ultra L.L.C. ("Ultra").

BACKGROUND

General

1. On March 16, 2008 (the “Petition Date”), the Debtors filed their respective petitions for relief under Chapter 11, Title 11 of the United States Code (the “Bankruptcy Code”).

2. These cases are being jointly administered pursuant to this Court’s Order of March 18, 2008 under the lead debtor “Shapes/Arch Holdings L.L.C.”

3. No trustee or examiner has been appointed in these cases.

4. An official committee of unsecured creditors (the “Committee”) was appointed on March 31, 2008, and was active in these cases through the Effective Date (defined below).

5. The Court confirmed (the “Confirmation Order”) the Debtors’ Third Amended Joint Plan of Reorganization (the “Third Amended Plan”) effective as of July 22, 2008. The Third Amended Plan became effective on August 8, 2008 (the “Effective Date”).

6. The Court has jurisdiction over this Objection pursuant to 28 U.S.C. § 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

Schedules And Proofs Of Claim

7. On the Petition Date the Debtors filed their Statements of Financial Affairs, Schedules of Assets and Liabilities and Schedule of Executory Contracts and Unexpired Leases (the “Bankruptcy Schedules”).

8. Pursuant to this Court's order, dated March 18, 2008, the Debtors retained Epiq Bankruptcy Solutions, L.L.C. (the "Claims Agent") as their official claims and noticing agent.

9. Pursuant to the Confirmation Order, the Court established September 8, 2008, as the bar date for filing administrative expense claims that arose between June 15, 2008, and the Effective Date.

Administrative Claim of the State of New Jersey Division of Taxation

10. On or about August 26, 2008, New Jersey filed proof of claim no. 873 seeking an administrative claim, pursuant to section 503 of the Bankruptcy Code, in the amount of \$7,000.00 for delinquent sales & use tax returns (the "Alleged Administrative Claim").

RELIEF REQUESTED

11. By this Objection, Debtors seek entry of an order, pursuant to 11 U.S.C. §§ 105 and 502 expunging and disallowing the Alleged Administrative Claim, as identified on Exhibit "A".

BASIS FOR RELIEF REQUESTED

12. Since the Bar Date, the Debtors and their advisors have reviewed the Alleged Administrative Claim. Based upon such review, the Debtors have determined that the Alleged Administrative Claim should be expunged and disallowed because the Debtors' books and records indicate that there are no monies due and owing to New Jersey.

13. Accordingly, the Debtors hereby request that the Court enter an order expunging and disallowing the Alleged Administrative Claim of New Jersey.

RESERVATION

14. The Debtors, on their behalf and on behalf of the Class 10 Liquidating Trustee, hereby reserve the right to object to any part of New Jersey's proof of claim that has not been expunged or disallowed on any additional grounds at a later date. Separate notice and hearing will be scheduled for any such objection.

NOTICE

15. Notice of this Motion has been provided to: (a) counsel for Arch, (b) counsel for the Class 10 Liquidating Trustee, (c) the Office of the United States Trustee, (d) New Jersey at the address specified on the Alleged Administrative Claim, and (e) all parties on the Master Service List. In light of the nature of the relief requested herein, the Debtors submit that no further notice is necessary.

WHEREFORE, the Debtors respectfully request that the Court enter an order granting the relief requested and such other and further relief as is just and proper.

Dated: November 26, 2008

COZEN O'CONNOR, PC

By: /s/ Jerrold N. Poslusny, Jr.
Mark E. Felger
Jerrold N. Poslusny, Jr.

Attorneys for the Debtors

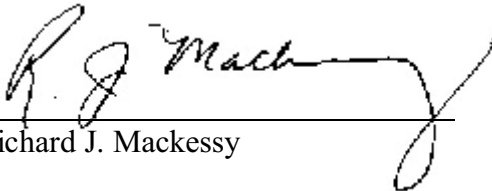
VERIFICATION

Richard Mackessy certifies and states as follows:

1. I am the Interim Chief Financial Officer of the Reorganized Debtors², and I am fully authorized to make this Verification on all of the Debtors' behalf.

2. I have read the foregoing Objection and I hereby certify and verify that all of the statements contained therein are true.

3. I hereby verify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me is willfully false, I am subject to punishment.


Richard J. Mackessy

Dated: November 25, 2008

² Unless otherwise defined capitalized terms shall have the same meaning ascribed to them in the Motion.

Name/Address of Claimant	Claim Number	Debtor	Claims to be Expunged			Remaining Claim	
			Claim Amount	Claim Type		Claim Amount	Claim Type
NEW JERSEY DIVISION OF TAXATION ATTN MICHAEL READING, AUTHORIZED AGENT COMPLIANCE ACTIVITY PO BOX 245 TRENTON, NJ 08646	873	Shapes/Arch					
			7,000.00	ADM		0.00	ADM
			7,000.00	TOT		0.00	TOT

PRY Priority
UNS General Unsecured Non-Priority
ADM Administrative
TOT Total